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Summary of Legislation

H B 70 HEALTH DISCOUNT PROGRAM CONSUMER PROTECTION ACT Representative Jim Dunnigan

Background

- Insurance Department rule R590-152, Medical Discounts Programs Rule solely relies on the authority to make rules in 31A-1-103(3)(d) and 31A-2-201. This is not sufficient.
- R590-152 only gives minimal information on how to become exempt from the Limited Health Plan statute in 31A-8-101(6)(a).
- With the increasing cost of health insurance, more and more entities are creating discount plans to sell to small employers and individuals. These plans are often misrepresented and the buyers think they have purchased health insurance.
- With the onset of e-commerce, faxes and emails are arriving in offices throughout Utah offering to cover your medical care needs. The one-page ads are using terms that create a misleading impression that the plans are insurance.
- Nationally, at the NAIC and in various other states, the problem of selling the discount plan for several months in an area, creating automatic bank withdrawals to collect “premiums,” and then moving to a new location is growing in large numbers.
- Current statutes and regulations do not allow the Utah Insurance Department to prosecute unauthorized and illegal medical discount programs.

Effects of Legislation

- Creates Section 31A-8a-101 et seq., describes the scope and purpose of the Act, and defines terms associated with the act.
- Requires that a discount program must be licensed with the Utah Insurance Department before it is marketed in Utah and requires, as part of the licensure

process, that operators of discount programs disclose certain information to the commissioner prior to offering medical discount programs.

- Creates specific requirements and prohibitions on the marketing of a discount program.
- Requires certain record keeping by operators of health discount programs and requires notice to the Commissioner when certain information changes.
- Requires disclosure of terms to enrollees prior to accepting money from the enrollees.
- Creates a third degree felony charge in Utah if one knowingly and intentionally sells an unlicensed medical discount program or assists in the marketing and sale of products of an unauthorized insurer.
- Exempts medical discount programs from specific sections of the Utah insurance code.

Benefits of Legislation

- Protects uneducated individuals and small employers from purchasing something that is not health insurance.
- May bring in a small revenue stream with a \$252 annual licensing fee.
- Provides names and addresses of medical discount plan owners and responsible parties to contact when there are consumer complaints.
- Should lessen the harm that is now occurring to Utah consumers.

Support of Legislation

- This bill comes from the Utah Insurance Department.
- Health Assistance Partnership, a national consumer advocacy group.